

and the WB look foolish, but it hardly makes them a force of evil. To make loans which predictably end up being recycled in offshore accounts or fund ill-fated programs, however, wastes resources, subjects future generations to repayments without benefits, and borders on criminal negligence.

Professor Tabb rightly emphasizes that whoever controls the agenda of organizations greatly influences their direction and effectiveness. His book is an original contribution to the discussion on the current state of globalization by asking critical questions regarding the impact of global economic governance institutions on the important issues of sovereignty, equity, and accountability. It is here where global state economic governance institutions really have their work cut out.

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*Employment with a Human Face: Balancing Efficiency, Equity, and Voice*, by John W. Budd. Ithaca, N.Y.: ILR Press. 2004. ISBN 0801442087, \$39.95. 263 pages.

This is an ambitious book. I can think of few treatises on industrial relations systems that cover such a wide array of seemingly peripheral literatures—from philosophical theories of distributive justice to economic theories of efficiency in resource allocation—and with such a command of the history and institutions of industrial relations across the globe. The book strives to develop a new paradigm for thinking about industrial relations systems and so is akin to the master works of John R. Commons or John Dunlop.

The first four chapters develop the theoretical paradigm. Budd draws from philosophy, economics, and political theory to argue that a system of industrial relations should seek to balance efficiency, equity, and voice in the employment relation. These chapters contain careful reviews of the literature on distributive justice, the efficiency of markets, and democratic rights. Although Budd embraces particular perspectives in each of these areas, critical views are given ample play. It is too much to expect an institutional economist with a deep interest in industrial relations systems to resolve the tension between, say, John Rawls and Robert Nozick over the just society. And, wisely, Budd doesn't try. What he does, instead, is to make a convincing case that these issues are crucial to the agenda of any discussion of industrial relations, and then simply takes a stand.

Having identified the three goals to be attained, and having argued for a balance of the three, he applies this framework to an analysis of the types of industrial relations systems that might best meet them. Markets are good on efficiency but offer little in the way of equity or voice. Government regulation can create greater equity, and even enhance efficiency when markets fail, but don't offer much in the way of a participatory voice for workers. Voice in the workplace is best taken up by unions. All industrial relations systems are a mix of these three elements but not the "balance" of the three that

Budd would like to see. So, for example, the Japanese industrial relations system is good on efficiency but has too little equity and voice, whereas the European systems are great on equity but lack efficiency and a participatory voice for workers.

The crowning chapter, to my mind, is chapter 8, where Budd addresses the problems with the postwar industrial relations system in the USA, known in industrial relations circles as “job control unionism.” Job control unionism is short on both efficiency and participatory voice, largely, and with regard to the former especially, because of recent changes in the technology and organization of production which require labor flexibility as opposed to the rigidity of postwar collective bargaining agreements. As a solution, Budd argues for “employee empowerment unionism,” where unions bargain for basic workplace protections and the rights of workers to individually or collectively participate in the “running of the shop.” Such a system can balance the demands of efficiency, equity, and voice in the new era of flexible specialization.

Will the book become a classic in the literature, on the order of the writings of Commons or Dunlop? In terms of laying out a persuasive case for a balance of efficiency, equity, and voice in industrial relations outcomes, and in analyzing the shortcomings of existing industrial relations systems in this area, Budd’s book makes an important contribution. However, one could claim that we have known for a very long time that these three elements are important to the employment relation. And if Budd doesn’t resolve the tensions between philosophers on the principles of justice or economists on the efficiency of markets, then, short of a reiteration of these three goals, it is perhaps legitimate to ask just how far Budd has advanced the ball in this area.

Moreover, the ambitiousness of the project forces Budd to paint things too simplistically at times. For example, efficiency is equated with the goals of firms and voice and equity with the goals of workers. But this won’t ring true for economists, whose notion of efficiency views firms as merely the conduits through which consumer/worker preferences are met, given the scarce resources at society’s disposal. In this view, voice doesn’t threaten the bottom line of firms so much as it raises consumer prices because it lowers productivity. Thus, the real question is whether the benefits of voice to workers exceed the costs to consumers. Budd seems aware of this and even seems to suggest that the benefits would exceed the costs because markets do not generate the efficient amount of voice. But Budd doesn’t take seriously some of the real challenges to this view. Workers who want voice can start their own firms or search for firms that will grant them greater voice in return for lower wages. Of course, in a treatise as ambitious as this one, not every *i* can be dotted and not every *t* can be crossed.

Budd’s proposals for changing the U.S. industrial relations system are insightful and provocative. He has advanced the debate in this area. But, even here, there are important unaddressed issues. For example, Budd claims that greater empowerment of workers at work will contribute to enhanced efficiency. Supposing, as Budd does, that efficiency is a proxy for firm rewards, this proposition seems tenuous. In the late 1930s and early 1940s, rank-and-file workers possessed considerable power in production at

many unionized manufacturing plants in the USA, and managers and firm owners despised it. When Walter Reuther proposed, in the late 1940s, that some elements of this decentralized shop floor power be a component of the postwar industrial relations system, firms refused. Over the next decade or so, the inflexible contract and grieve system of “job control unionism” emerged. Granted, managers and firm owners are no longer happy with this system, but the idea of their embracing true empowerment at work strains credulity. Would workers be happy with such a model? This is not clear either, since the decentralized system of empowerment at work proposed by Budd would appear to forgo the age-old union goal of “taking wages out of competition” across plants, which requires more centralized union structures.

In the end, then, Budd has given us a book that reminds us of the basic goals of an industrial relations system and offers proposals for how to reform our current system so as to achieve these goals. Anyone interested in industrial relations theory and practice should read this book. Whether or not they agree, readers will be spurred to think more carefully about the positions they hold thanks to Budd’s ambitious efforts.

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*A Perilous Progress*, by Michael Bernstein. Princeton, N.J.: Princeton University Press. 2001. Paper, ISBN 0691119678, \$19.95. 345 pages.

This is a scholarly book that looks at the U.S. experience of economists as policy makers from the 1900s until today. The book is written by an author who is in a unique position to analyze the profession; he is trained as an economist, but he works with the eye to detail and commitment to scholarship of a historian. The book is written not only for economists; it is also written for the broader community. It is the only history that I know that takes as its central focus economists’ role in national policy making. As such it is a welcome addition to the history of economic thought literature.

The book has 194 pages of text, almost 100 pages of notes, and a bibliography that extends for 50 pages. The notes are a scholastic tour de force and an excellent guide to the literature, and the bibliography includes archival and oral history citations. The core book is nicely structured into a prologue, which tells us what he plans to do; an introduction and six chapters, which develop his themes; and an epilogue, which ties it all together.

According to Bernstein the history of economists’ role in policy making was initially characterized by a period of lack of influence on policy that extends through the early interwar period. That changed, however, as we approached and entered World War II, as the mobilization, and an acceptance by economists that the state may have a role in economic stabilization, led to increasing influence of economists. These develop-